



**FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)**  
**FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA)**  
**APPEAL DECISION**

*FEMA Flood Insurance Appeal Decision #B3*

## **OVERVIEW**

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The policyholder filed an appeal in July 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied all of their claim under the Standard Flood Insurance Policy (SFIP)<sup>1</sup> for damages to covered property arising from a claimed flood event in May 2020.<sup>2</sup>

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholder had \$250,000 of building coverage and \$100,000 of personal property coverage.
- The insured property is seasonal single family, two story elevated building constructed on concrete slab and reinforced block foundation walls with a crawlspace and built-in garage.
- The policyholder reported the loss to the insurer and the insurer assigned an adjuster to inspect the property. The adjuster inspected the property in May 2020, and reported the building was vacant and the contents items had been removed. The adjuster noted no visible watermarks on the exterior or interior of the building. The adjuster could not verify a general condition of flood.
- The adjuster spoke to the policyholder’s realtor and property inspector, who stated he observed groundwater seepage through the foundation. Neither party observed any evidence of street flooding in front of the building standing water in the yard or adjoining properties.
- The adjuster reported evidence of groundwater seepage through foundation walls that entered the crawlspace. The moisture wicking from the crawlspace into the first level living of the building affected the drywall, insulation, subfloor, carpeting, and base moldings.
- In a letter dated June 2020, the insurer denied coverage for claimed building damage citing no general condition of flood and no direct physical loss by or from flood.
- The policyholder contests the denial of coverage stating the insurer paid the policyholder for a prior loss with similar circumstances, establishing a precedent of coverage for this flood event. In support of his appeal, the policyholder provides a contractor’s repair quote.
- Because this information does not respond to the insurer’s reason for denial, FEMA’s review is based on the documentation in the claim file.

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<sup>1</sup> See 44 C.F.R. § 61.13 (2019); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

<sup>2</sup> The policyholder files this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholder’s claim. The policyholder’s appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

## RULES

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The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property, provided the policyholder complies with all terms and conditions of the SFIP.<sup>3</sup>

A flood is defined as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties, (one of which is the policyholder's property), from overflow of inland or tidal waters, unusual and rapid accumulation or runoff of surface waters from any source, or mudflow.<sup>4</sup>

The SFIP does not insure for a loss caused by water or water-borne material that backs up through sewers or drains, discharges or overflows from a sump, sump pump or related equipment, or seeps or leaks on or through the covered property.<sup>5</sup>

## ANALYSIS

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The policyholder appeals the denial of coverage.

The insurer agrees to pay the policyholder for direct physical loss by or from flood to covered property, provided the policyholder complies with all terms and conditions of the SFIP. A flood is defined as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties, (one of which is the policyholder's property), from overflow of inland or tidal waters, unusual and rapid accumulation or runoff of surface waters from any source, or mudflow.

Here, the adjuster noted no evidence of exterior or interior watermarks on the building. The adjuster canvassed the area and could not locate any neighbors or witnesses who saw flooding. According to the National Flood Insurance Program's Policy Database and the National Oceanic and Atmospheric Administration Storm Events Database there was no record of flooding or flash flooding in Roane County or any other flood claims in the policyholder's area on or around the reported date of loss. FEMA and the insurer reviewed all of the information and found there was no physical evidence of a temporary and general condition of flood on the property, as defined by the SFIP.

The SFIP excludes coverage for water or waterborne material that seeps or leaks on or through the covered property unless there is a flood in the area and the flood is the source of the seepage of water. Here, the adjuster observed ground water seeping through the garage slab floor and between the cracked parging of the front crawlspace wall. The adjuster's report included pictures of ground water seepage through the foundation into the crawlspace of the building. The policyholder's Home Inspection Report indicated clogged downspout drains and negative grading at the front and sides of the house allowed water to enter the crawlspace. Not all water damage to a property is the result of a flood. The physical evidence at the property revealed that water intrusion into the dwelling was from the drainage of groundwater through the foundation that seeped between the cracked front crawlspace wall into the

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<sup>3</sup> See SFIP (I), (II)(B)(12).

<sup>4</sup> See SFIP (II)(A)(1).

<sup>5</sup> See SFIP (V)(D)(5).

building. The SFIP does not cover damage caused by water that backs up through drains or seeps or leaks on or through the covered property. For these reasons, FEMA's review finds the insurer correctly denied coverage for damages.

FEMA notes although an insurer may have paid prior claims for what may appear to be similar damage, the insurer must evaluate each claim individually based on its own merits. Insurers participating in the National Flood Insurance Program must apply all terms and conditions of the SFIP in each flood claim. If an insurer inadvertently paid the policyholder more than the policy provided coverage for on a previous loss, the insurer would not be bound to pay future claims based on that decision.

## **CONCLUSION**

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Based on the facts and analysis above, FEMA concurs with the insurer's denial of coverage for damage.